

50 gems from Australia's top SME entrepreneurs



Introduction

Here at *SmartCompany* there is nothing we treasure more than the interviews we conduct with Australia's top SME entrepreneurs.

For us, these interviews are a constant source of inspiration. They give us insights into industry trends and what it takes to run a fast-growing SME.

In this eBook you'll read tips and advice from some of our favourite entrepreneurs, including the Heat Group's Gillian Franklin, franchising legend Jim Penman, Katie May of KidSpot and Boost Juice founder Janine Allis.

They give advice on a wide range of topics, including navigating through tough times, finding the best staff, securing big-name directors and running great meetings.

This is real advice that you can use in your business, from entrepreneurs who have learnt these lessons from experience.

We hope you enjoy this eBook as much as we've enjoyed collecting these gems.

James Thomson,
Editor, *SmartCompany*

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Don't get caught short

Plan for a rainy day. Stick some money under a mattress because there will be times when you need to fall back on it. You will need cashflow if everything goes pear-shaped.

You need to focus on things that are in your control. Make sure you have a business plan that's flexible enough to handle everything that you can't plan for.

Matthew Sampson, Aspect Personnel

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Want to be busy? Then look busy!

Without sounding corny about it, I think in any business you've got one of two choices. You can either be a glass half empty type who whinges, complains and gets in the pit with everybody else. Or you're a glass half full type who's positive and looks to what you could do in the meantime. Make sure your databases are up to scratch, you're well stocked, your stores are clean; all the best-practice things that you can't get around to when you're busy. It gives you the opportunity to keep your staff busy and when clients come into your business, one of the first things they will always say is, "gee, you guys are busy!"

John O'Brien, Poolwerx

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Take time to build a community

Building an online community is much harder than building one offline. There is no face-to-face reinforcement. You have to create emotional connection points through the online experience. You need to constantly listen and refine, especially when you're operating on sites like Facebook.

You need to have something special to offer.

Katie May, KidSpot

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Never be out of stock on key items

In times like these it's important to make sure that you're always in stock and you don't lose a sale. Unfortunately, a lot of retailers are not paying enough attention to this right now. It's very desponding when you walk around stores and you see gaps on stands everywhere. I just think, "Gosh, we should all be fighting for every basic sale right now by making sure we're in stock!"

That's what we'll be focusing our attention on to take market share: being in stock and communicating the value.

Gillian Franklin, Heat Group

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Do the basics – every time

Twenty five years ago, it was easy to pick up business with leaflets. We'd attract people who had been let down by a previous contractor. Nowadays, it's harder to find work.

Really, it's all about service. Basic things like returning phone calls and turning up on time. Most service providers can't do it, or they're too busy. Price is not driving everything these days. It's service, service, service! If we satisfy the customer with good service we don't need to cut our prices!

Jim Penman, Jim's Group

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Use tough times as a catalyst

When the GFC hit, we had to take a really good look at what worked and what didn't. If I look at what we spend now versus what we spent back before we are more effective, and yet we spend less. We lost a few franchisees obviously (just normal attrition) but without the normal replacement you could achieve through recruitment. Yet we make more money as a company and spend less because we're a much slicker operation now. And we know more about ourselves now than we did before.

Jim Cornish, Nanotek

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Walk the talk with staff

The main lessons I learnt was that everything you do, whether it's internally in your office or your stores, has to be done with the customer in mind.

Every shop that I go into in China and in Hong Kong you see the little gathering of staff before the doors open up before the customers come in. I love all that stuff! I think it's important because if the boss didn't walk that talk, then you wouldn't see it.

Guy Russo, MD Kmart

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Pay attention to stock forecasting

Forecast your stock and know what you need to have so if you run out, you have a reserve to do your orders. Make yourself a little bit less reliant on things that are beyond your control.

Nicole Kersh, 4Cabling

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Make sure your mum understands your business model

We need to start with the basics. What problem or need do you solve? What problem can you fix? What needs do you have a solution for? This may seem somewhat simple, yet half the entrepreneurs I ask confuse me with their answers. I then end up spending an hour asking them questions about their business, customers and products or services until I have worked it out. I always say tell it to your mother: does she understand what you do?

Tom McKaskill, serial entrepreneur

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Learn a crucial lesson about dealing with the big guys

When I was starting I thought, “if I don’t take a risk, they won’t know about me.”

So I made an appointment, sold my product and my passion, and Woolworths gave it a go. Since then it’s been onwards and upwards!

But I was too nice upfront at the start when I was talking with the supermarkets. I was just excited to get the deals through. I’m a lot smarter on that side of the business. It’s been a massive learning curve.

Narelle Plapp, Food for Health

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Directors want skin in the game

Today you really can’t get a board member unless they’re shareholders. They’re quite unwilling to give up their time to be directors unless they’ve got some sort of stake in the business.

Gillian Franklin, Heat Group

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Do the hard legal yards before you start

If I’ve learnt anything through the whole process of splitting up with a business partner, it’s that you need to get your fundamental legal processes down, especially in your first year. I don’t know if we took it seriously enough, and we certainly didn’t have that infrastructure in place.

Either have this conversation at the start of your company, or if you’re thinking about being bought out, get the right processes in place then.

Leona Watson, Cheeky Food Group

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Get the right person, and then build systems to monitor them

We have learnt that you always need to make sure you're hiring the right guy. More than that, we've improved our internal systems. The big thing here is accountability. There needs to be records, etc, so that every step is auditable. You really need to put processes and systems in place so that everything is managed professionally. You need to know that if one guy is making a mistake, it can be caught much, much earlier.

Andy Fung, My Net Fone

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Make suppliers believe in you

Persistence is important with distributors. Proving that you have what it takes to actually sell their products is something that you need to do. Some distributors have wanted us to come back and prove ourselves straight up. You just need to nurture the relationship. That's the main way you're going to get things done.

Tyson Grubb, Synotronics

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Nothing beats the phone

You have to do more to communicate with franchisees, even if that means picking up the phone more or going out and doing more visits. They want that communication.

Mark Langford, GameTraders

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Nothing looks as bad as a cheap website

Cheap looking photos cheapen your website and in turn your business image. Large companies invest heavily in ensuring their photos look as professional as possible because it is such a critical indicator of quality.

Craig Reardon, The E-Team

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Sometimes, boring isn't too bad

A really interesting thing for us is we actually ended up meeting a Supreme Court judge in South Africa. Her whole youth was about getting Nelson Mandela out, being part of the ANC and spending time in jail. She was this very funny, cynical Supreme Court judge.

We think we've got problems, bloody hell. All we've got is a carbon tax!

One of the things she said was people overseas, people from South Africa for instance, think Australia's boring and it's very grey. As an Australian I said, "What do you mean, boring?" She said, "Boring's good! You haven't got extreme anything!"

And I thought, "Boring is good in that context! Our issues compared to what they are facing and other countries are facing are really boring!"

Janine Allis, Boost Juice founder

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Learning matters

Even if you want to get your employees into training, it doesn't have to be related to the industry. Just so long as they are learning something. It opens up their minds and has some great benefits. It gets people to think outside the square and that flows through into your business.

Richard Kuipers, Two Men and a Truck

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Understand what can inhibit your growth

Our growth is determined far more by franchisees than it is by clients. In effect, we see clients as being unlimited. If we've got good franchisees – which they mostly are – we can find clients.

Jim Penman, Jim's Group

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Teach your culture

The single most important thing we do is when we take on new staff, as part of the induction, is around understanding our values. Getting them to understand what the ingredients of a respectful workplace are, then showing them how to give and receive feedback, rather than letting things build up.

John McDonald, ProActive ReSolutions

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Don't forget direct in your web marketing

What we have done is create a wonderful web strategy in that we have a rather large bank of email addresses.

We do a lot of direct marketing now, we've jumped on the social media bandwagon and that has really improved immensely.

Sandra Boyle, Wild Cards & Gifts

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Ride the big trends

Consumers are more concerned about saving money at the moment than they have been for some time. That actually worked to our benefit, as has the introduction of daily deals, which has introduced a whole new demographic into using coupons. A younger generation are certainly most active with the daily deal type work.

I think now that we are in the major supermarkets our sales force is operating the best that it has in our 25-year history. That is really what has made the difference: bedding down our sales force.

Simon McCord, Shop A Docket

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Price is no longer enough online

You really have to do more than just the basics now, including add-on features such as gift-wrapping and other types of benefits. People are getting more discerning. It's not just enough to just have a product now, and then offer it for a good price.

Hal Pritchard, Everten Online

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Honesty is the best pricing policy

Charge honest prices from the outset. I preface this by saying I've only been in the industry for three years, compared with the guys that run Myer and David Jones who've done it for decades. The research I get from consumers says that they're fed up and suspicious of percentage offs. From an insider's perspective, I'm trying to work out how that all works from the point of view of trust. If you put customers first in your strategy, how can you give something a 50% discount and then the following week double its price back again? It's got so many things that are wrong with it.

Guy Russo, MD Kmart

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Be prepared for the pain of an IT upgrade

There are so many unknowns that could occur when you're looking at upgrading your IT system. So many little things can go wrong and one or two mistakes can take down your entire system. Because so many IT systems are dependent on each other there is a chain of events that occur when something goes wrong. Have a contingency plan and test everything before you assume it's just going to work.

Sarah Allen, Appliance Tagging Services

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Give consumers an experience

You'll also see more and more experience centres where the physical stores will try and immerse you and let you physically feel the brand you're interacting with. Coffee brand Nespresso are already doing this quite well. They don't push a hard sell, but simply let you experience their coffee and products in-store, which you can then head online and purchase.

David Shafer, Kogan

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Don't be afraid to try a marketing stunt

Marketing stunts are purely about brand recognition, so keep that in mind when working out what sort of activity would suit your business. You've got to be pretty bold and often bend the truth a little to get your stunt in front of the right audience. Therefore, it's not always easy to get your own staff to be comfortable doing that.

Kym Ilman, Messages on Hold

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Walk the fine line of delegation

It's a constant tension between knowing what's generally going on in the organisation and not over-managing and micro-managing to the point where you are not giving people the leeway to do their job.

Zelko Lendich, Farm Pride

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Leaders must be prepared to get stuck in

One thing I learnt from working at McDonald's was getting your hands dirty. I mean, the amount of times even when I was CEO that I would go into a toilet and mop the floor and freshen up the toilets with some sanitiser or for that matter just wiping down dining room tables.

When you lead the way you want your people to be, they can't help but follow, right?

Guy Russo, MD Kmart

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Work to understand your staff's values

One of the big changes we introduced in recent years was to bring in a facilitator and hold sessions to explore the personal values of staff. That covered everything from love of family, to community spirit, to personal integrity. It was quite intense and some of it was quite emotional and confronting. Some people had to get up and bare their soul. But everyone contributed and out of that we produced a list of what was important to everyone.

Leon Lau, Peoplebank

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Keep a leadership journal

It's about stopping, reflecting and taking action. Don't assume the manager is never wrong. The ability to reflect is a key factor in being a successful leader and manager. If you don't reflect, you don't learn.

Tim McLean, TXM Lean Solutions

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Ask you staff what they would change about their role

Often employees feel they aren't empowered to make suggestions about what they feel they could do better, or what could be done differently. They often have ideas but feel the ideas won't be received well. This question is about opening the door for them. It also opens the channel for discussion so that it feels like a two-way conversation. Sometimes these performance reviews can feel like it's all coming from management. This way, it's more of a conversation rather than a monologue from the manager.

Karen Rowell, Tresor

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Invest in an assistant

The return on investment from a good executive assistant can be substantial. I probably get somewhere between 120 to 150 emails a day, both internal and external. I try and cover those off within 24 hours. A lot of the time, it's before work and after work. I also have four or five meetings (external and internal) a day, and at the moment, I arrange those myself. If you try to get hold of somebody, you can't do it the first time so you have to try and get them the second, third or fourth time. So you have emails back and forth. That in itself probably takes up one to two hours a day, probably more.

Paul Lyons, Ambition

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Make your research count

I look at shopping trends. A lot of that statistical data that we get shows for example how many kids are born in Australia that are going to be six next year. So that's a market where we know we've got three million kids that we can hit with a particular marketing campaign around a product. It's a lot of time spent on who the customer is, how they're shopping, and their retail price points. There's a lot of playing around with the price points to work out where the sweet spot is. Is it \$40 for that camera or is it \$20? Where does that volume come in? So we play with a lot of data like that to see where the price points go.

Vanessa Garrard, E3 Style

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Don't forget the exit

We make sure our exit strategy is part of the long-term plan. We have a board that basically asks that question every three or four months and at this point in time it is an option for us, but we really want to be sure it's the right deal.

It's not about the money. The money doesn't keep you warm at night and it's not what drives me to get up every morning. But it is something in the back of my mind if the right offer came along, if it suited our franchisees, if it suited where we want the brand to go then we would entertain it.

Issam Soubjaki, Burger Edge

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Make sure your employees fit your vision

I made some errors in the early days of our business by just putting bums on seats so to speak and that didn't work out so well. I really needed to find what the purpose of the organisation was, what the values were and be very, very specific in using those to select the right people. So yes, absolutely, I made some mistakes. It wasn't disastrous but it made me really stop and think about where we were heading and how the right people are critical.

Tristan White, The Physio Co.

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Service is what really matters

I look at most things in life as you're actually providing services. There are very few people that have made a lot of money out of product, and I think intellectual property is just another product. If you can't wrap that product in a best-of-breed service then you're doomed to failure.

Bob Waldie, Opegear

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Disrupt yourself

One of the challenges I think for any organisation (particularly a corporate one that's gone through the type of restructuring that we've been through) is forcing yourself to do the innovative things that disrupt you. If we don't do that, we're not going to learn. The risk is that we sit here in Australia being myopic and not challenging ourselves through innovation.

David Gibbs, Jumbuck Entertainment

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Set your meetings culture

I have become more selective and more directed in terms of the meetings we have. We have few resources to spare, so we don't have a lot of meetings. We get together to discuss the issues and then go out and do it. I rely a lot on individual managers taking the initiative and making the decisions.

With us, we discuss the issue and decide. It might not be perfect decisions all the time but I think an imperfect decision is better than protracting it over a long period of time, because lots of things change in the meantime. You never get it dead right but so what?

Zelko Lendich, Farm Pride

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Trust in SEO

SEO is all about branding. Once you get those customers coming in, they will recognise your name, and it all builds up from there. Search engines can get you out of a lot of trouble.

Richard Eastes, Vroom Vroom Vroom

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Let your personality shine through your marketing

Don't be afraid to get personal. You don't want your "About" page to sound like a personals ad, but equally, you don't want to hide too much behind a professional persona. Let your buyers get to know you and include a photo. Remember, we like to buy stuff from people we know.

Denise Mooney, Clickable Copy

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Cater to the smartphone users

You'll be amazed at the number of smartphones viewing your site. Have a look at how long they were on your site for. It won't be long, so adapt your site to suit these users.

Lisa Taliana, Taliana Design

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When you sell, you must pick the right partner

You have to be totally open, and you've got to do a job of picking the right partner. We didn't just put our business out there saying "we're selling the company to so and so." We asked these companies to tell us what the plans for our business were.

You need to sell your business with the mindset that there are more stakeholders than yourself in the business. You have to make sure when all the transactions are finished that it's a better deal for staff, otherwise you can't expect them to remain loyal to you.

Neil Tilley, UpStream

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Social media matters a lot!

There's a new group of people who are on Facebook and their iPhones, tagging places that they have been to and eaten at.

I think that can become very infectious and good for businesses that do very well and not so good for businesses that don't have a good reputation.

It only takes one negative tweet about an employee not doing the right thing to their staff and it can go viral.

Marcus Sellen, Selmar Institute of Education

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Know your outsourcing limits

I know a lot of people use external contractors to do work for them, but when it's your main product and crucial to the success of your business, you need to be a little bit more in control.

Scott Popovic, Icon Global

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Look hard before you leap into China

I'm really keen to understand the markets I'm entering. I've spent a lot of time in the US and Europe, and I've spent time in China as a buyer, not a seller.

I think it's a really challenging market without being prepared and being clear on your goals.

Joel Bartfeld, Shine Group

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Don't skimp on web basics

If you make your revenue through a website, then don't skimp on your web hosting, or on any of the things that will make the wheels stop spinning if it breaks down. Have an alternative.

Do some research before you buy. When you do have an outage, make sure it's because you've either planned it, or you have a backup plan. It's really not worth it to save money on hosting when it is the front-end of your business.

Nick Shelomanov, MegaBuy

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Be different

People are looking for something to differentiate us in the marketplace.

They are looking for innovation and thoughtfulness in what we are doing; they were looking for interesting products and product knowledge.

David Cohen, Matchbox

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Don't put all your eggs in one basket

You need to limit the amount of work you take in from one client as best you can, because you need to secure yourself if the worst happens.

Dough Neufeld, Aqualogical

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Want a big name board member? Just ask

I remember coming home and saying to my husband, "I'm going to go and ask Hugh Morgan [to join the Heat board]" and he said, "Why would he invest in us?"

I said, "Well, he's a professional investor and he may be interested in doing something a bit different."

So I just made an appointment, went and saw him and presented my business to him.

He then asked me lots of questions and came and had another couple of meetings with me, met my senior team, went for walks through the business, wanted to get a sense of the place.

Then after a couple of weeks of backwards and forwards he said yes, he would be willing to invest. So that's how I got him. I asked.

Gillian Franklin, Heat Group